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**Senate Budget Committee Ranking Member Judd Gregg (R-NH)**

**Senate Floor Speech on H.R. 2669, the Higher Education Reconciliation bill**

**(Unofficial Transcript)  
Wednesday, July 18, 2007**

Mr. Gregg: Mr. President, I want to address an issue which may be perceived as a bit arcane and is outside of the policy within the debate that's occurring here, but which is actually quite critical to the fiscal discipline of our government and especially the Congress.

This bill comes forward as a reconciliation bill. This is an arcane term which arises out of the budget act. The budget act creates the ability where the Budget Committee when it is creating a budget to give instructions to various committees within the Congress to meet goals set forth by the Budget Committee, and these instructions are called reconciliation instructions. The purpose of reconciliation was to control entitlement spending primarily and to control the rate of growth of the government. It was structured because although part of the budget can discipline discretionary spending through what's known as "caps," it is virtually impossible to discipline the rate of growth of government on the entitlement account side through spending caps because entitlements are programs which people get a right to and a spending cap has no impact on them. So if you're going to affect the rate of growth on spending on the entitlement side -- veterans benefit, the education benefit under the Pell grant in some instances, the Medicare, Medicaid, those are all entitlement programs -- if you're going to control those, you have to change the law enforcement so what the Budget Committee, and it is probably the primary power of the Budget Committee to pass a budget to direct various committees within the Congress who have jurisdiction various entitlement programs to control the rate of growth of those programs and thus the rate of growth of the federal government. That was always the concept of the federal budget act, control the rate of growth.

But what's happened here is a total adulteration of that purpose. In a rather effective sleight of hand, the Budget Committee, with the full knowledge of the Budget Committee on the majority side and with the full knowledge of the majority side, gave a

savings instruction to the HELP Committee to save \$750 million over five years, which is a lot of money, but under the federal budgeting process is actually still an asterisk. Why would the Budget Committee do that, ask the HELP Committee, the Health, Education, Labor, and Pensions Committee, to save \$750 million over five years when it asked no other committee in the Congress to save money on the entitlement accounts -- none -- no other committee was asked to discipline fiscal spending around here on the entitlement accounts.

Well, because it was a ruse, a pure, unadulterated ruse. The HELP Committee, under the able and wily leadership of the Senator from Massachusetts, who I greatly admire as one of the finer legislators in this body, had identified a pool of money which they knew they could grab, specifically subsidies which are paid by the federal government to lenders and which are unquestionably excessive -- there's no debate about that. That pool of money had been identified by the wily chairman of the Budget Committee -- of the Health, Education, Labor, Pension Committee. And he knew if he could get his hands on that money, he could then spend it. But he also knew that he couldn't get his hands on that money without a reconciliation instruction from the Budget Committee.

So what happened was that we had this small, in the context of federal spending around here, budget savings instruction of \$750 million given to the HELP Committee by the Budget Committee with reconciliation appended to it as a protection. And what reconciliation protections mean is that the bill comes to the floor, it has to be completed in 20 hours, and it only takes 51 votes to pass it. That's a huge protection in the Senate, protection from the filibuster rule, protection from just the standard operating practice of the Senate, of a lot of amendments occurring which can take up weeks. It is an immense power to give to a bill, to identify it as a reconciliation bill for the purposes of passage. So that bill, that power of reconciliation was attached to a \$750 million instruction for savings and then the HELP Committee passed out that bill, the reconciliation bill, as a -- I believe it's \$19.75 billion, something like that.

Well, what happened to the other \$19.7 billion in savings? Well, they're being spent. This chart here reflects it fairly well. The new spending and expansion of programs under reconciliation under this bill will be \$19 billion. The actual savings under the bill will be \$750 million, making a farce of the concept of controlling the size of the federal government and federal spending through the reconciliation process, inverting the process to be quite honest, at a rate of 1-20. And ironically, when the budget left the Senate it had an amendment in it which said -- because I offered the amendment, so I'm familiar with it -- which said -- and it was passed, which was even more surprising -- which said that no reconciliation bill could spend more than 20% -- which I thought was still too much -- of the amount saved. Had that amendment survived the conference process, this bill could not have come to the floor because this bill spends \$20 for every \$1 it saves. \$20 for every \$1 it saves. Under that amendment -- not the reverse, but a significantly different approach would have had to have been taken it would have had to save \$5 for every \$1 it spent. Not only is this -- this is a totally new practice. This is an historical use of reconciliation.

You can see that deficit reduction over the years to reconciliation has occurred rather dramatically, but in this bill, in this budget, there was no deficit reduction through reconciliation. More importantly -- and this is the real essence of the problem -- the spending under the federal budget, the alleged reductions had no impact on spending. Spending continues to go up dramatically because actually the mechanisms that are supposed to be used to reduce the size of spending or the rate of growth of spending -- we never actually reduce spending around here -- reduce the rate of growth of spending and the rate of growth of federal program is a mechanism that is now being used to dramatically expand the rate of growth of spending and the rate of growth of the federal government. So the budget act, which has been under significant pressure to begin with, and basically -- in three of the last five years we haven't been able to pass a budget -- has now been essentially emasculated as a concept of disciplining spending. And it is now being used as a mechanism to expand the size of the federal government and destroy the fundamental purpose of reconciliation.

And why is this a problem? Well, because whether we like to admit to it or not, we have some huge issues coming at us in the area of entitlement spending in this country. We have on the books \$65 trillion -- that's trillion with a "t" -- of unfunded liability in the three major mandatory or entitlement accounts: Medicare, Medicaid and Social Security. The only way I suspect that we're going to be able to manage some sort of disciplining of those programs so that they are affordable for our children and so that we don't pass on to our children a government that basically overwhelms their capacity to pay for it is through using the reconciliation process. But that process has been, for all intents and purposes, run over. A new concept has been developed. Reconciliation will no longer be used to control the rate of the growth of the size of the federal government. It will be used as a stalking horse for expanding the rate of growth of the federal government.

And the great irony, of course, is that it didn't have to happen this way. The equities are on the side of the Senator from Massachusetts relative to the need to reduce the subsidy to lenders. And in fact, I proposed an idea which would have probably seen a much bigger reduction in lender subsidies which would be an outright auction so we could actually find the market value of what should be paid for these accounts. And those funds, even the Administration wanted to take a fair percentage of those funds that would be saved from lenders and move them into Pell grants. My druthers of course, but I'm not in the majority and I suspect I'm not going to win this fight, would be to take a big chunk of the money and put them into Pell grants and a big chunk of the money and put them into deficit reduction so we start to pay down some of the problem we're putting our children with.

Under any scenario, the protection of reconciliation was not necessary to accomplish this. And in fact it would have been good had reconciliation not been used because then we would have tied to this bill the underlying policy of the higher education act which should be passing this Senate at the same time that this funding mechanism is passing the Senate. But, no, the choice was to go this sort of cute by half proposal, which

in the process has fundamentally harmed our capacity as a Congress to discipline itself and is using a vehicle meant to control the rate of growth of government to expand the rate of growth of government.

I probably am the only person in this body frustrated by this, because I think I may be the last person in this body who actually believes that we should use reconciliation for fiscal discipline. But I thought the point should be made as former Chairman of the Budget Committee that we have now for all intents and purposes, as a body abandon any attempt, we have abandoned the one vehicle -- not any attempt -- but the one vehicle that gave us credibility on the issue of doing something about what is the most significant issue we confront as a nation after the question of how we fight Islamic fundamentalists who wish to do us harm with weapons of mass destruction. After that issue the most significant issue is that we are about to pass on to our children a government that under no circumstances can they afford, because the cost of entitlement accounts are going to exceed their capacity to pay for those accounts by huge numbers.

In fact, we had a study last week from CBO that said in order to pay for the pending entitlement responsibilities of the baby-boom generation -- Medicare, Medicaid and Social Security -- tax rates in this country would have to go to 92%. 92% of income. Obviously not a doable event. And the one mechanism we had around here to force action effectively has now been emasculated by the process which we are participating here with on the floor. Mr. President, I yield the floor.

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